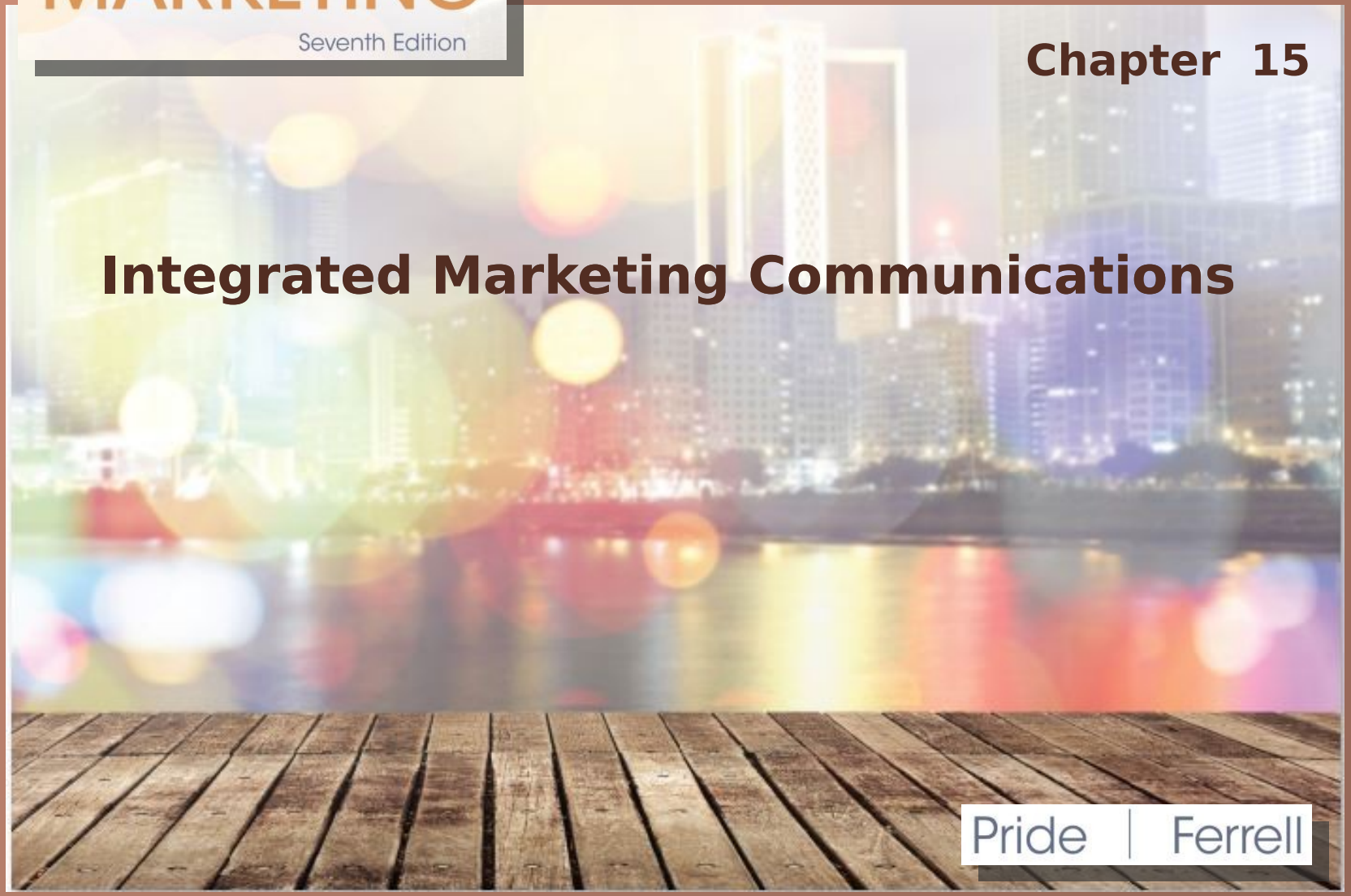
Foundations of MARKETING
Seventh Edition

Chapter 15

Integrated Marketing Communications



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Learning Objectives

15-1 Define integrated marketing communications.

15-2 Describe the steps of the communication process.

15-3 Recognize the definition and objectives of promotion.

15-4 Summarize the four variables of the promotion mix

15-5 Explain the factors that are used to determine a product's promotion mix.

15-6 Describe word-of-mouth communication and how it affects promotion.

15-7 Discuss how product placement promotions.

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Integrated Marketing Communications

Integrated marketing communications - refers to coordination promotion and other marketing efforts for maximum informational and persuasive impact

- Goal - to send a consistent message to customers
- Allow an organization to coordinate and manage its promotional efforts
- Enable synchronization of promotion elements
- Improve the efficiency and effectiveness of promotion budgets
- Foster long-term customer relationships

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Discussion Point – Managing Promotional Efforts

Source: a katz/Shutterstock.com

Nathan's Famous, Inc. creates many promotional opportunities in sponsoring its famous Fourth of July International Hot Dog Eating Contest. The event attracts the mass media.

Name some examples of other events that attract mass media and provide advertising for the sponsor of the event.

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Communication Process

- **Communication** -sharing of meaning through the transmission of information
- **Source -** person, group, or organization with a meaning it tries to share with a receiver or an audience
- **Receiver** - individual, group, or organization that decodes a coded message
- **Coding process -** converting meaning into a series of signs or symbols
- **Communications channel** - medium of transmission that carries the coded message from the source to the receiver

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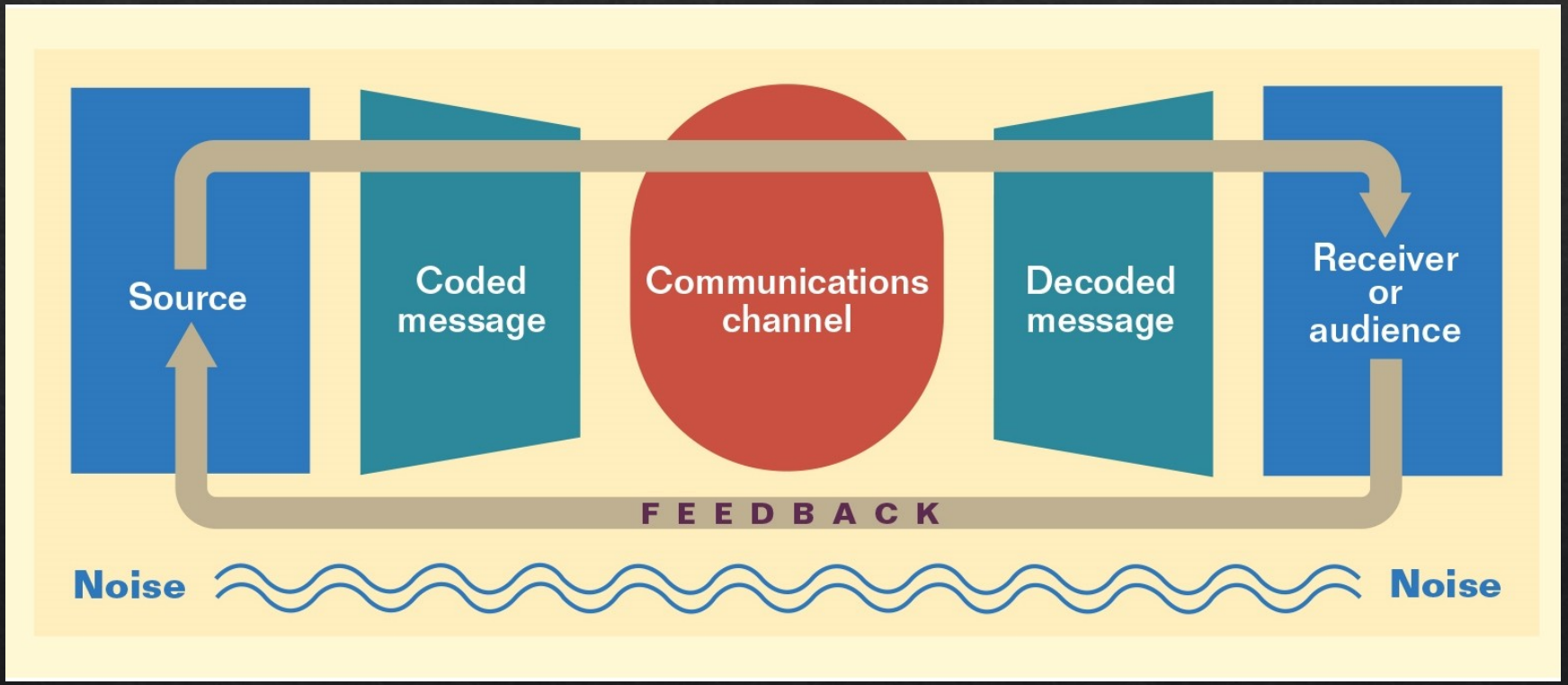
Figure 15.1 - The Communication Process



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Discussion Point – Converting Meaning into a Concept

Who doesn't love a cutie?
With Cuties® as the newest fresh fruit choice in your child's Happy Meal®, it's easy to share the love. Get them while they're here, starting December 1st.
i'm lovi

Source: The McDonald's Corporation

McDonald's depicts a cutie with a heart-shaped slice removed to symbolize how parents and children will love its newest fruit offering.

Do you think this ad represents the indicated concept?

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Decoding Process

- **Decoding process** - converting signs or symbols into concepts and ideas
- **Noise** - anything that reduces a communication's clarity and accuracy
  - Has many sources and may affect any or all parts of the communication process
  - Occurs when a source uses signs or symbols that are unfamiliar to the receiver
  - Can originate in the receiver

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Table 15.1 – Sources of News Information for Americans

Type of Medium	% Using Each Medium
Television	87%
Laptop/computer	69%
Radio	65%
Paper newspapers/ magazines	61%
Cell phone	56%
Tablet	29%
Smart TV/game console	11%
E-reader	10%

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Feedback and Channel Capacity

- **Feedback** - receiver's response to a decoded message
  - Coded and sent through a communications channel
  - Decoded by the receiver
  - Immediate during face-to-face communication
  - Slow when mass communication is used
- **Channel capacity** - limit on the volume of information a communication channel can handle effectively

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Promotion

Promotion - communication to build and maintain favorable relationships by informing and persuading one or more audiences

- To view an organization positively and accept its products
- For maximum benefit, marketers strive for proper
  - Planning
  - Implementation
  - Coordination
  - Control of communications

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Create Awareness

- Build awareness months before the product is to be released.
- Create awareness using eye-catching images.
- Increase awareness of
  - Brands
  - Product features
  - Image-related issues
  - Operational characteristics

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Discussion Point – Generating Brand Awareness

Source: The Clorox Company

Fresh Step cat litter uses this advertisement to attract the attention of pet owners so they will be inclined to read the text. The advertisement wants to increase awareness of the brand itself and its guaranteed ability to eliminate odors for 10 days.

How often do you read the text in an advertisement?

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Figure 15.2 - Information Flows Are Important in Integrated Marketing Communications

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Table 15.2 – Possible Objectives of Promotion

Create awareness	Retain loyal customers
Stimulate demand	Facilitate reseller support
Encourage product trial	Combat competitive promotional efforts
Identify prospects	Reduce sales fluctuations

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Stimulate Demand

- Primary demand - demand for a product category rather than for a specific brand through pioneer promotion
- **Pioneer promotion -** informs consumers about a new product
- **Selective demand - d**emand for a specific brand; requires singling out attributes important to potential buyers

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Discussion Point – Stimulating Product Demand

Source: Kao USA Inc.

Curėl stimulates product demand in its advertisements by visually comparing rough skin to sandpaper and showing that its Rough Skin Rescue lotion is the answer. This advertisement portrays a specific brand targeted toward a specific group of people.

Do you think this advertisement would stimulate customers with dry skin?

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Promotion Mix

- **Promotion mix** – a combination of specific methods used to manage the integrated marketing communications for a particular product
- Four elements
  - Advertising
  - Personal selling
  - Public relations
  - Sales promotion

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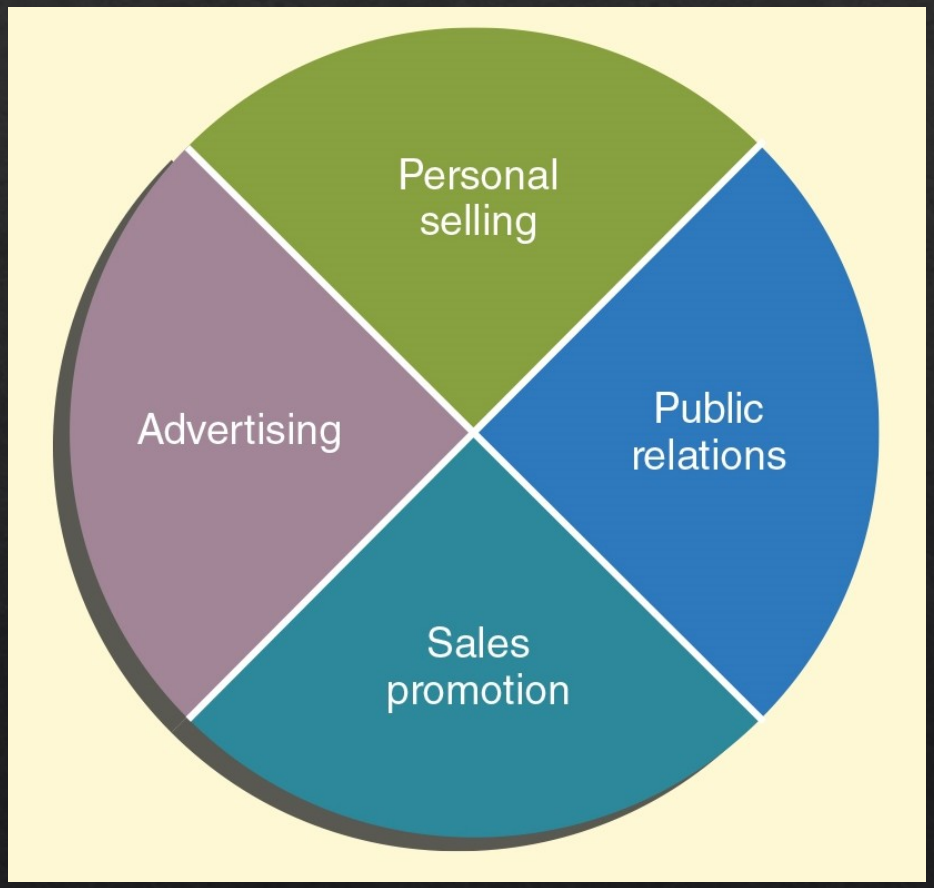
Figure 15.3 - The Four Possible Elements of a Promotion Mix



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Discussion Point - Advertising to Spread Awareness

Human Energy
We go to extraordinary lengths
to protect the integrity of the places where we operate.
Places all over the world.
like Australia's Barrow Island.
It's home to hundreds of native species of wildlife,
including wallabies, ospreys, and perenties.
We've been producing energy on the island
for more than 40 years,
and it remains a Class A Nature Reserve.
Proving that with the right management,
industry and the environment can co-exist.
Learn more at chevron.com/waapree

Source: Chevron Corporation

Not all advertising promotes a specific product or brand. This advertisement is intended to demonstrate Chevron's socially responsible activities through its efforts to protect the integrity of wildlife wherever they operate.

What ads have you seen recently that spread awareness?

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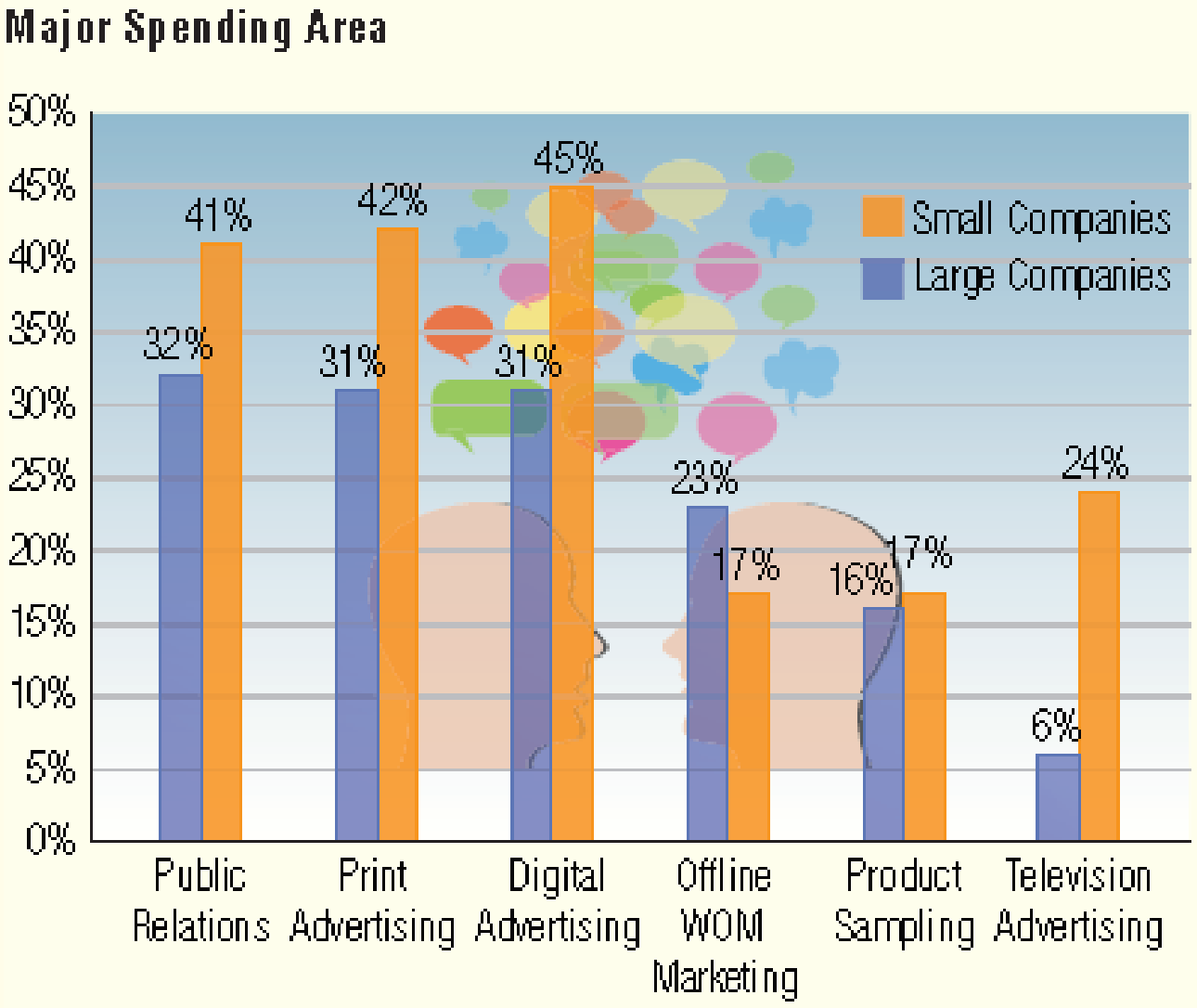
SNAPSHOT



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Advantages of Advertising

- Cost-efficient when it reaches a vast number of people at a low cost per person
- Lets the source repeat the message several times
- Adds to a product’s value
- Provides visibility that enhances an organization's image
- Including celebrity endorsers can enhance a firm’s and product's image

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Disadvantages of Advertising

- Absolute dollar outlay is high during popular television shows
- Rarely provides rapid feedback
- Difficult to measure its effect on sales
- Less persuasive than personal selling
- Limited time available to communicate a message to customers

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Advantages and Disadvantages of Personal Selling

- Advantages
  - Is a more specific form of advertising
  - Has greater impact on consumers
  - Provides immediate feedback
- Disadvantages
  - Is expensive
  - Is directed to a small number of individuals

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Types of Interpersonal Communication

- **Kinesic communication** - communicating through the movement of head, eyes, arms, hands, legs, or torso
- **Proxemic communication** - communicating by varying the physical distance in face-to-face interactions
- **Tactile communication** - **c**ommunication through touching like handshaking

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Public Relations

- A broad set of communication efforts to create and maintain favorable relationships between an organization and its stakeholders
- Goal – create and enhance a positive image of the organization
- Unfavorable public relations caused by negative events
- Policies and procedures to prevent negative events

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Sales Promotion

Activity of material that acts as a direct inducement

- Free samples
- Games
- Rebates
- Sweepstakes
- Contests
- Premiums
- Coupons

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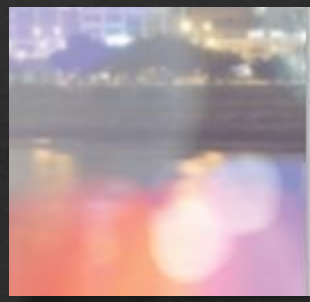
Discussion Point – Coupons as Sales Promotion



Source: Bed Bath & Beyond Inc.

Bed Bath & Beyond provides a coupon that gives 20 percent off any store item. The advertisement also encourages consumers to subscribe to its magazine to receive future savings.

Do you check for store coupons and discounts before you shop in a store or online?

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Selecting Promotion Mix Elements

Resources, Objectives, Policies
Push and Pull Channel Policies
Characteristics of the Target Market
Promotional Mix
Cost and Availability of Promotional Methods
Characteristics of the Product

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Characteristics of the Target Market: Size

- Size
  - When limited - promotion mix may emphasize personal selling
  - When large - promotion mix may be advertising and sales promotion
  - When the population density is uneven - marketers may utilize regional advertising and target larger markets

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Characteristics of the Target Market: Geographic and Demographic

- Geographic distribution
  - Personal selling is used when the customers are concentrated in a small area
  - Regional or national advertising is used when the customers are numerous and dispersed
- Demographic characteristics affect
  - Types of promotional techniques selected
  - Messages and images employed

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Characteristics of the Product: Business and Consumer

- Business products
  - Concentrate on personal selling
  - Use some advertising and sales promotion
- Consumer products
  - Advertising and sales promotion for convenience goods
  - Personal selling for consumer durables
  - Public relations for both convenience goods and consumer durables

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Characteristics of the Product: Price and Distribution

- Price influences the promotion mix
  - High-priced products - personal selling
  - Low-priced products - advertising
- Distribution intensity affects the promotion mix
  - Intensive distribution - advertising and sales promotion
  - Selective distribution - promotion mixes vary
  - Exclusive distribution - personal selling

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Characteristics of the Product: Usage and Service Businesses

- Usage affects the combination of promotional methods.
- Service businesses use tangible products to promote their intangible services.

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Discussion Point – Portraying Characteristics of Service Products

We see the threats that others might miss.
AT&T Security Services. We see the full picture. att.com/security
MOBILIZING YOUR WORLD

Source: AT&T Inc.

In this advertisement, AT&T uses the element of danger blending into the background to represent the nature of the types of dangers other firms might miss. AT&T claims its security services will discover these risks even when they are hard to detect.

How do other companies advertise their security services?

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Costs and Availability of Promotional Methods

Considerations for formulating a promotion mix

- Costs of promotional methods
- Availability of promotional techniques
  - No available medium is effective for the target market.
  - Foreign countries have limitations for promotional methods.

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Push and Pull Channel Policies

- **Push policy** - promoting a product only to the next institution down the marketing channel
- **Pull policy - p**romoting a product directly to consumers
  - Consumers persuaded to seek the product in stores
  - Develops strong consumer demand that pulls products through a marketing channel
- Not mutually exclusive and can be used simultaneously

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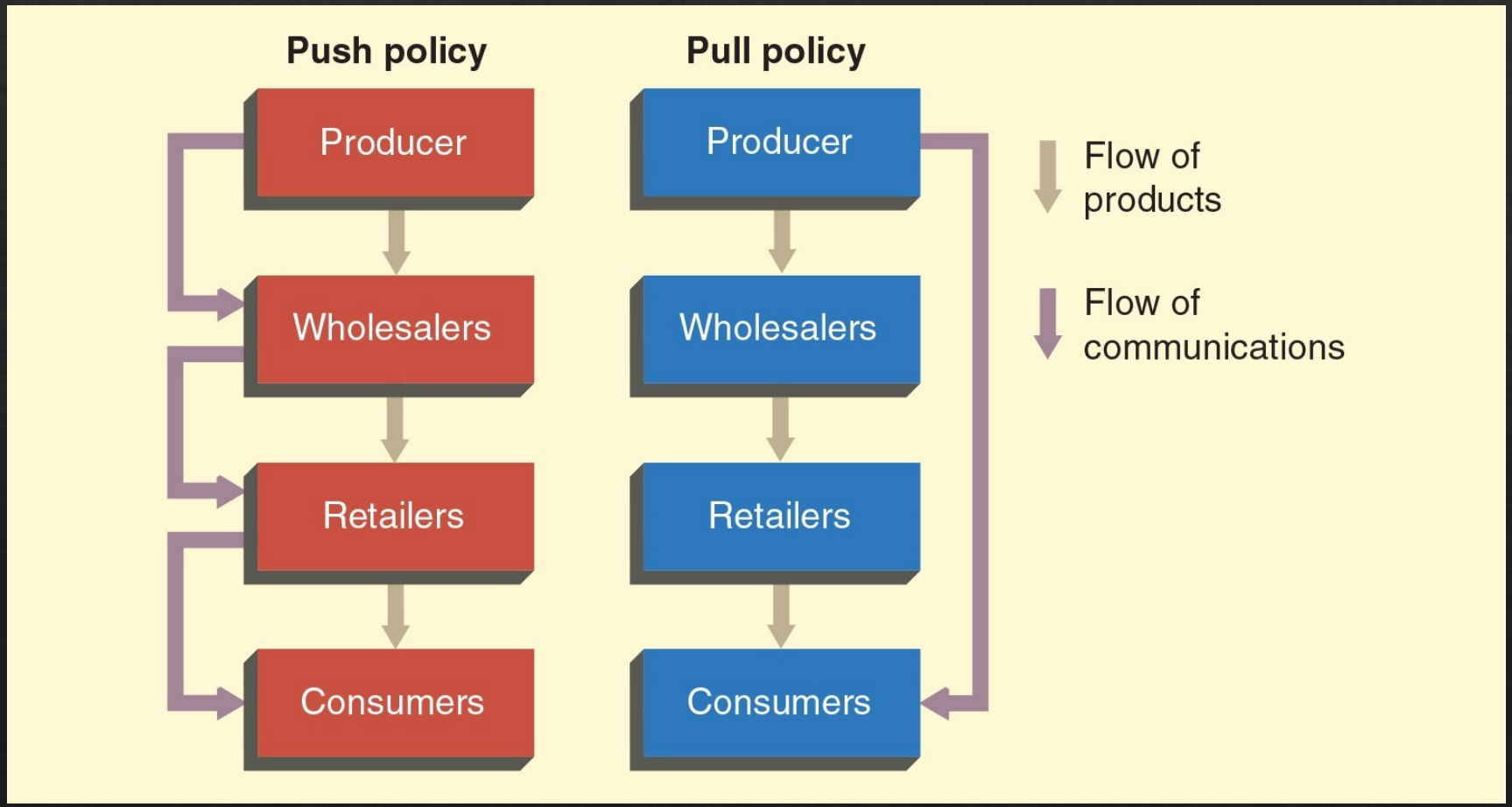
Figure 15.4 - Comparison of Push and Pull Promotional Strategies



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Word-of-Mouth Communications

Word-of-mouth communications - personal informal exchanges of communication shared by customers about products, brands, and companies

- Crucial for customers in selecting services
- Leads to new-customer acquisition
- Effective for new-to-market and more expensive products
- Electronic word of mouth - communicating about products through websites, blogs, e-mail, social networks, or online forums

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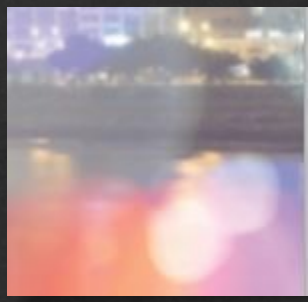
Discussion Point - Encouraging Word-of-Mouth Communication



Source: Angela Weiss/WireImage/Getty Images

Funny ads that capture consumer interest, such as this Old Spice Man campaign, can go viral and generate a significant amount of free impact and exposure.

What are your favorite ads that have gone viral?

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Growing Importance of Word-of-Mouth Communications

- **Buzz marketing** - attempt to incite publicity and public excitement surrounding a product through a creative event
  - Should not violate any laws
  - Should not have the potential to be misconstrued and cause undue alarm
- **Viral marketing** - strategy to get consumers to share a marketer's message
  - Done through e-mail or online video
  - Done in a way that spreads dramatically and quickly

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Product Placement

Product placement - strategically locates products or product promotions within entertainment media content to reach the product's target market

- Important due to increasing fragmentation of television viewers
- In-program product placements - successful in reaching consumers as they are being entertained
- Reality programming - close interchange between the participants and the product exists

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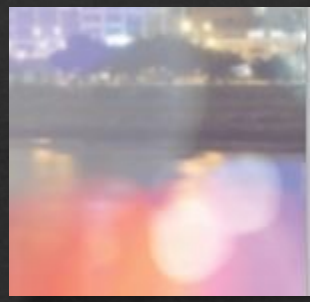
Discussion Point – Product Placement



Source: s_bukley/Shutterstock.com

The hit crime drama series *Breaking Bad* featured product placement in many of its episodes.

What other TV shows or movies have featured product placement?

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Table 15.3 - Criticisms and Defenses of Promotion

Issue	Discussion
Is promotion deceptive?	Laws, government regulations, and industry self-regulation have helped to decrease most intentionally deceptive promotion; customers may be unintentionally misled because some words have diverse meanings. The vast majority of promotion is not deceptive.
Does promotion increase prices?	When promotion stimulates demand, higher production levels may result in lower per-unit production costs, which keeps prices lower; when demand is not stimulated, however, prices increase owing to the added costs of promotion; promotion fuels price competition, which helps keep prices lower.
Does promotion create needs?	Many marketers capitalize on people's needs by basing their promotional appeals on these needs; however, marketers do not actually create these needs; if there were no promotion, people would still have basic needs such as food, clothing, transportation, social, and physiological needs.
Does promotion encourage materialism?	Because promotion creates awareness and visibility for products, it may contribute to materialism in the same way that movies, sports, theater, art, and literature may contribute to materialism; if there were not promotion, it is likely that there would still be materialism among some groups, as evidenced by the existence of materialism among some ancient groups of people.
Does promotion help customers without costing too much?	Customers learn about products through promotion, allowing them to learn about products and make more intelligent buying decisions. Promotion helps create competition.
Should potentially harmful products be advertised?	Some critics suggest that promotion of possibly unhealthy products should not be allowed at all; others argue that as long as it is legal to sell such products, promoting those products should be allowed. In a society with commercial freedom of speech, there will always be diverse opinions.

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